

HUNGARY

Implementation of the Agenda 2030: Are "partners" delivering?

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The National Council for Sustainable Development (NCSO) and the Hungarian Society of Conservationists (HSC) organized a conference entitled Implementation of Sustainable Development Goals in Hungary on 7 February 2017 in the Hungarian Parliament,¹ at which more than 400 people attended. The purpose was to examine the tasks Hungary faces in the implementation of the UN 2030 Agenda and the Sustainable Development Goals (SDGs), including the eradication of poverty, reduction of hunger, increase of knowledge, conservation of biodiversity and mitigation of climate change.

Gábor Bartus, NCSO Secretary, pointed out that the long-hoped-for catching up to the West after the transition to a market economy has not been realized and that household consumption is still stagnating. Human, social and economic capital could not be substantially developed, while an educational, demographic and debt crisis has shaken Hungary. According to Bartus a permanent sustainability crisis lies behind these problems.² However, social cooperation, and a concrete government action plan based on facts make it possible

to move forward. He declared: "meeting the SDGs is the precondition of strengthening our nation and keeping up its position on the regional, European and global levels". According to Bartus a number of good examples of SDG implementation in principle are embedded in the Hungarian Basic Law (as the Constitution is now called), such as a national debt limit, a coherent set of policies aimed at stopping population decline and measures to support a healthy lifestyle (daily physical education in elementary and secondary schools, canteen reform, reducing smoking). But he was not speaking about poverty.

With regard to SDG 15 on biodiversity, Zsolt V. Németh, Minister of State of the Ministry of Agriculture boasted that "an unprecedented level of financial resources is available in Hungary for the preservation of natural values, to stop the loss of biodiversity and for the improvement of environmental conditions." He stated:

*In the period between 2007 and 2013 nearly HUF 2300 billion (appr. US\$ 7.7 billion) were spent to support environmental and nature conservation investments and until the end of 2020 a further HUF 2800 billion (about US\$ 9.4 billion) will be available in the framework of the EU operative and other thematic programmes.*³

When Hungarian government officials talk about implementing the SDGs they mean less public expenditure in social sectors.

1 Implementation of SDGs in Hungary, Ministry of Agriculture, Press Office, Budapest, 8 February 2017; available at: <http://www.kormany.hu/hu/foldmuvelesugyi-miniszterium/kornyezetugyert-agrarfejlesztessel-es-hungarikumokert-felelos-allamtitkarsag/hirek/a-fenntarthato-fejlodesi-celok-megvalositasa-magyarorszagon>

2 Sarkadi-Illyés, Csaba: Vajon megmenthető a világ, és benne Magyarország? Ez a kérdés még a kormányt is foglalkoztatja (Could the world including Hungary be saved? Even the government is dealing with this question) Budapest, 7 February 2017. http://alfahir.hu/2017/02/07/2030_ensz_fenntarthato_fejlodesi_mtvsz_nfft

3 A Fenntartható Fejlesztési Célok megvalósítása Magyarországon (Implementation of SDGs in Hungary) Greeninfo, Budapest, 9 February 2017. <http://greeninfo.hu/hirek/2017/02/09/a-fenntarthato-fejlodesi-celok-megvalositasa-magyarorszagon>

Between 2010 and 2015 the Orbán government on the one hand increased state expenditures, doubled spending on the economy, and significantly increased spending by allocating about US\$ 340 million annually on sports, mainly for building football stadiums. On the other hand, it decreased expenditures on public health, education and pensions.

The largest item of state expenditure is social welfare expenses, which increased over six years from HUF 11.034 trillion (about US\$ 37 billion) to HUF 11.157 trillion (US\$ 37.2 billion). Over the past few years technical training has become the desired goal, paralleled by the dismantling of high school and university education. Public education spending has declined significantly in real terms. Basic education supports have drastically decreased from HUF 881 billion (US\$ 2.9 billion) in 2010 to HUF 370 billion (US\$ 1.3 billion) in 2015. Intermediate educational expenditures have decreased from HUF 352 billion (US\$ 1.2 billion) to HUF 217 billion (US\$ 723 million) annually. Even expenditure on higher education stagnate: this year it totals HUF 485 billion (US\$ 1.6 billion).

Despite an ever-growing number of pensioners, the government decreased pension expenditures from HUF 3.322 trillion (US\$ 11.1 billion) in 2010 to HUF 3.01 trillion (US\$ 10 billion) in 2016. In reality the government eliminated the pension status of certain services provided to those under retirement age. In this way the involved people are not receiving a 'pension' but other entitlements instead.

The government did not save only on pensioners, but also on unemployment benefits, by decreasing their size and duration despite those taking place on an insurance basis. These measures decreased annual family support expenditures as well, which can be explained by a decrease in the number of children and the decades-long freeze in services. Social benefits were decreased, while extreme poverty increased over the past eight years. The Orbán government reacted by a further cut in spending on aid and advertising a 'work-based' society, emphasizing economically and socially pointless public

employment schemes.⁴

Hungary started adopting the PPP model in the 1990s. After joining the EU, the emphasis on infrastructure development became stronger. As a result of the global financial crisis in 2008, worries about the potential effects of municipal PPP projects on the Hungarian economy, and a change in government, all ongoing PPP projects were temporarily suspended, some even terminated, leading to legal proceedings initiated by private investors. Nowadays, the primary focus is on EU-funded PPP projects focusing on new infrastructure investments offered to private sector clientele of Orbán's oligarchs.

István Farkas, President of the HSC stated in Parliament that the SDGs will not be met if we do not change our way of life significantly, because the developed countries greatly overuse the resources of the planet. The standard of living of the third world and even of the Central European countries cannot catch up to that of the developed countries. Farkas stressed the need for a radical transformation of our socio-economic policies, such as the current global free trade policy or the EU's Common Agricultural Policy. He mentioned also some contradictions; for example, Mercedes in Hungary pays only a 0.12 percent corporate income tax, so despite its billions in profits made last year, only HUF 23 million (US\$ 77 thousand!) were paid to the Hungarian budget. There is a need to enforce ethical principles in all fields of life and in government policies as well. He is of the opinion that localization should be highlighted, that is, that local communities should decide on the natural resources.⁵

Apart from a short period, during the last 25 years Hungarian governments have essentially followed neoliberal economic policies. This started in the early 1970s as reformist economists turned against the constraints of the centrally planned economy with a

⁴ What the Orbán government did to Hungary in under six years, The Budapest Sentinel, 22 February 2016; available at: <http://budapestsentinel.com/articles/what-the-orban-government-did-to-hungary-in-under-six-years/>

⁵ Ibid.

maximum rigidity of radicalism. After the transition the practice continued, starting with privatisation, and has continued until today. One of the most interesting lessons learned from the past 25 years is that even so-called socialist governments were much less socialists than neoliberalists. The predatory privatisation that began in the early 1990s ruined both industry and agriculture. Half of GDP and about three fourths of industrial exports are now produced by foreign-owned companies, while only one third of the labour force is employed in these industries. This means high productivity, but 1.5 million people lost their jobs in the early 1990s. The output of agriculture is about 25 percent less than before. By 2015 Hungary's foreign debt was more than three times higher than it was in 1990.

An immense differentiation in income and wealth has developed. Only one third of the population were winners from the system change, while, on the other end, another third fell into extreme poverty. According to sociological investigations 200,000 children suffer from hunger and receive full meals mostly at schools. Recently, several movements have arisen against various government decisions and have organized demonstrations (e.g., teachers, healthcare workers). In February 2015 a group of unemployed workers organized a hunger march from the northern industrial town of Miskolc to Budapest to hand over their demands to the Parliament.

The majority of Hungarian governments over the last 25 years have not had either a clear social policy, or clear ideas about the social goals, least of all about how to respond to the basic needs of the people and to reduce social inequalities. Just after 2010 it was the currently ruling right-wing coalition government of FIDESZ and Christian Democrats that broke with this confused tradition: it has the most coherent, well thought-out programme of legislation to restructure the society. This programme, however, contradicts almost everything we have ever known about the European social model.

With its sweeping victory in 2010 the government was given the opportunity to enact fundamental changes to Hungary's constitution and legislation as a whole. These changes had important legal consequences, such as the

reduction of the retirement age of judges, or the creation of a new media-supervising authority, while others had symbolic importance, such as modifying the country's official name to Hungary (omitting the word "Republic") and defining the concept of family, which is discriminatory against individuals with different sexual orientations. Many of these changes were added to the Basic Law (formerly called the Constitution), which has been amended several times.

The government's legislative measures, such as a new media law and a new constitution were heavily criticized by EU representative and by the Council of Europe's Venice Commission which advises on constitutional law. During PM Orbán's first appearance in the European Parliament he already had to face harsh criticism over his government's acts. These 'attacks' initiated a change in his rhetoric towards Brussels, which became more and more critical.

The change in Orbán's rhetoric first manifested itself on 15 March 2012, when he emphasized that Hungary insists on national sovereignty and does not need "unsolicited assistance of foreigners". Comparing the EU to the former Soviet dominance, he stated that for his country "freedom means that we decide about the laws governing our own lives, we decide what is important and what is not". Since then Orbán has used a harsh tone towards Brussels many times.⁶

Since the beginning of January 2015, Orbán has started to adapt hostile rhetoric towards immigrants as well and he has repeatedly claimed that Hungary belongs to the Hungarians and will not welcome everybody who wants to settle down in the country. Orbán's referendum on EU migrant quotas on 2nd October 2016 was an open challenge to Brussels. Though his referendum failed to meet the required turnout threshold, but it remains a worrisome message of hostility towards the EU. The motivation behind FIDESZ's extreme right turn and the key to Orbán's success might also lie in the fact that he manages to engage more and more right-wing voters.

⁶ Benyik, Mátyás, Right Wing political shift of FIDESZ, <https://www.attac.hu/2016/11/right-wing-political-shift-of-fidesz/>

Another, even more dangerous scenario may also possibly develop, namely a closer cooperation than ever between FIDESZ and the far right Jobbik party.

In 2015 Hungary was a major entry point into the EU for migrants coming from the Middle East, so it had become a transit point for migrants looking to settle in Western Europe. The Orbán government reacted to the influx of migrants by building a razor bladed wire fence of 110 miles long on its border with Serbia, so thousands of migrants waited at the border, hoping to make it into the EU—while others found ways to breach the fence. The fences have drastically reduced the number of migrants able to pass through Hungary on their way to Germany and other destinations in Western Europe.

On 28 March 2017 new legislation to complement the fences built on the borders with Serbia and Croatia entered into force allowing the detention of asylum seekers in border container camps.⁷ Civil society groups and international organizations including ECHR question whether the transit zones at the Southern border of Hungary are not detention centres and that the Orbán government violates non-detention rules of asylum applicants.

According to Zsuzsa Ferge, a prominent Hungarian Sociologist. "While in the measures of the Orbán government neo-conservative elements, i. e., the creation of hierarchy, anti-poor, anti-unemployed attitude, overemphasis of worthiness and strengthening of sanctions also appear, in its economic policy many neoliberal elements are present as well."⁸

Since 2010 the coherence of the FIDESZ government's policies has been secured by only one element, namely that the power and the disposition over the natural resources are dominated by a single central authority. In order to exercise this central will much better and on more and more areas of life, severe autonomy

restrictions were implemented in local governments, universities and many other institutions.

Apparently the process of impoverishment in old age has aggravated, because on the one hand the pensions can no longer follow the wages, on the other hand there are fewer people in the labour market to acquire the time required for retirement.

„Early retirement is discontinued, the disability pension is abolished, only invalidity benefits are provided, which are much smaller amount. If you cannot find a job over 55 years of age, everything is slowly eliminated, no retirement will be given”- says Ferge.

In many places the public works help the younger generation to improve a bit its everyday situation. According to the statistics public employees get a job seven months per year on a monthly average earning HUF 60-70 thousand (about US\$ 230) instead of HUF 85,000 (US\$ 290) official net minimum wage, or HUF 28,500 (US\$ 90) as an unemployment benefit or a social aid of HUF 22,800 (US\$ 75). And that size of difference in these families means quite a lot.⁹

The big question is whether the public works are real job and give the employees any security. It seems that the public works are really only an obstacle to return to the labour market, it is just a false solution for increasing employment.

The regional inequalities between regions, even among towns and villages are growing rapidly since the system change. Primarily in the north-east and south-western part of Hungary, and not only in small villages, but in major regions, where no jobs are available, no access to transport and public services. Social mobility is slowing down, there is almost no way out of this trap. The prejudice against Gypsies has grown into a never seen height.

Although the share of the Hungarian population at risk or social exclusion has been declining in the last years (according to EUROSTAT from 34.8 percent in 2013 to

⁷ Gorondi, Pablo, EU commissioner calls on Hungary to comply with asylum rules, Associated Press, Budapest, 28 March 2017.

⁸ Ferge, Zsuzsa: A kormány nem hosszú távban gondolkodik (The government does not think for the long run), Gépíparancs, Budapest, 21 March 2017, available at: <http://gepíparancs.hu/2017/03/ferge-zsuzsa-a-kormany-nem-hosszu-tavban-gondolkodik/>

⁹ Ibid, available at: <http://gepíparancs.hu/2017/03/ferge-zsuzsa-a-kormany-nem-hosszu-tavban-gondolkodik/>

26.3 percent in 2016) a part of the population lives in deep misery. However, the persistent at risk poverty rate was 7.9 percent in 2016, which is much smaller than the EU average. The severe material deprivation rate has been also declining since 2013 from 27.8 percent to 16.2 percent in 2016, but it is still the double of EU average. Ferge has stated, somewhat exaggeratedly: „The situation is so destitute that destroys the lives of children for long term. This state of the country is economically, politically, culturally and socially a disaster in the long run.”¹⁰

Citing Eurostat data, the Social Report 2016 (SR2016)¹¹ found that in comparison with an EU average of 17.2 percent, 14.6 percent of Hungary’s population live below the poverty line. However, Hungary is less competitive when it comes to international comparisons of the material deprivation rate. Altogether 44 percent of the Hungarian population cannot afford basic resources, compared with an EU average of 19.5 percent. Only Romania and Bulgaria have worse material deprivation indicators than Hungary. However, in the last years there was a decline in the number of people who cannot afford heating or are late with paying their utility bills, according to State Secretary for Social Affairs Károly Czibere, who attributed the improvement to government measures such as the utility bill-cut scheme and foreign-currency mortgage bailouts.

The Social Report 2016 reports on improving labour market situation but also highlights risks of misinterpreting data on public works. It is underlined that the Hungarian economy appears to be dual, with a well-functioning sector dominated by multinationals, while domestic industries and small and medium size enterprises (SMEs) showing signs of struggle.

10 Ferge, Zsuzsa: Nincsenek közügyeink, nincsenek viszonyaink, nem beszélünk egymással (We have no public matters, no relations and we do not talk to each other). Budapest, 21 March 2017, news portal 444, available at: <https://444.hu/2017/03/21/ferge-zsuzsa-nincsenek-kozugyeink-nincsenek-viszonyaink-nem-beszelnunk-egymással>

11 Kolosi, Tamás and Tóth, István György: Társadalmi riport 2016. Budapest Tárki, Summaries of the Hungarian Social Report in English; available at: http://www.tarki.hu/hu/publications/SR/2016/trip2016_resumes.pdf

Other papers in the SR2016 warn about increased corruption risks and very weak competition in public procurements – with structural funds being at higher than average risk. Chapters on social structure highlight that income and wealth inequality is at a relatively modest level, but the average living standard is at a low level, there is a narrow and weak middle class and a large deprived segment of the society. For the first time the report includes estimates of Hungarian wealth distribution. The chapters on health, education and social policy systems explore urgent needs for reform to tackle high inequalities in health by education subgroups and also to strengthen policies to alleviate intergenerational transmission of disadvantages.

Hungarian society ‘as a whole’ falls into the poorer half of European society. No more than roughly one-third of Hungarians can compete with their European peers in terms of living standards, educational attainment level, lifestyle, open-mindedness, tolerance and foreign language skills.

According to the Central Statistical Office, from November 2016 to January 2017, the number of employed people was 4,401,000. Of these, 4,075,000 worked in the domestic primary labour market, public workers numbered 208,000 and 117,000 people worked at local units abroad. Unofficial estimations put the number of people working abroad at 300,000-500,000.

In 2015 Hungarian healthcare spending per capita on purchasing power parity was EUR 1,371 (half of the EU-28 average). The share of total healthcare expenditure was 7.1 percent of GDP, well below the 9.9 percent EU-28 average. While the economic crisis has had no significant impact on the real value of healthcare spending for the majority of EU countries, Hungary’s spending in real terms fell again after the downturn in 2007-2009, and has not yet reached the 2005 base year level.¹²

12 Anita Szepesi, Ezt tette az Orbán-kormány az egészségüggyel hét év alatt-grafikonon a megdöbbentő eredmények (The Orban government has made this with the healthcare over seven years-a staggering graph of

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Expenditures on general practitioners and pediatricians, specialists, dentistry have decreased. The shortage of doctors and the outward migration of young doctors and underfunding are becoming an unsupportable problem reflected in low wages and levels of hospital debt.

Despite the fact that Hungary's macroeconomic indicators in 2015 were encouraging, public finances improved and employment numbers went up, but problems facing the education and public health-care sectors have yet to be addressed. The SR2016 concluded that social advancement in Hungary requires institutional reforms and an economic environment that promotes competition, innovation and value creation.

results), Budapest, 22 March 2017, available at:
http://www.napi.hu/magyar_gazdasag/ezt_tette_az_orban-kormany_az_egeszseguggyel_het_ev_alatt_grafikonon_a_meghokkento_eredmenyek.631920.htm